

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS LJUBLJANA 000059

SIPDIS

SENSITIVE

DEPT FOR EUR/NCE
DEPT PLEASE PASS TO USTR

E.O. 12958: N/A
TAGS: [ETRD](#) [SI](#) [WTO](#)
SUBJECT: SLOVENIA: ZOELICK'S LETTER: "CONSTRUCTIVE AND
PRAGMATIC"

REF: A. SECSTATE 06662

1B. LJUBLJANA 030

Sensitive but Unclassified. Please protect accordingly.

11. (SBU) On 20 January, Econoff and Econ Specialist followed up an earlier conversation with Dmirtij Grcar, State Undersecretary for Multilateral Affairs at the Ministry of the Economy, examining Ambassador Zoellick's letter to his ministerial counterparts (ref A). Reaching into his drawer and pulling out the letter with notes scribbled on the margins, as well as a five page summary of points, Grcar proceeded to explain his views. He noted that he was "surprised" by the European Commission's comments on the letter thus far. "I am surprised that the Commission is surprised that a letter came, but also by its overall lukewarm reception of the proposals included." Grcar credits the Commission's tepid reaction to the letter's content to a "concern that the U.S. is backtracking from the joint agreements made prior to and during Cancun." The Commission will continue to hold fast to the notion of the Singapore issues because it has to show something in return for making agricultural concessions, Grcar commented. Grcar was not forthcoming, however, sharing the Commission's view in light of the missive. "The Commission does not allow any discussion about tactics and strateg," Grcar said.

12. (SBU) For his part, Grcar described the letter as "constructive and pragmatic" considering that many government officials and trade observers were pessimistic about this year's trade discussions as a result of the Cancun debacle, U.S. elections, and EU enlargement. "The letter is very positive because it lays out a vision placing the most contentious issue -- agriculture -- at the top of the list. There is no doubt that we have to deal with agricultural issues if we want to move the trade agenda forward," Grcar noted. He was in complete agreement with the letter's call to support and to promote "South-South" trade and to increase the participation and the involvement of capitals in the process. In his view, the letter fails to address the type of "defensive mechanisms" allowable as trade restrictions disappear; the manner by which food assistance programs may be conducted; and, a mechanism to phase out and to deal with export grants. He was quick to point out, however, that those are issues that may be engaged upon once negotiations get back on track. The re-start of negotiations is the key. Grcar was adamant that a return to the negotiation table was vital, but also recommended that the "important world trade players" devise a "manageable mechanism" to ensure the progress of the Doha Development Agenda (DDA), without falling victim to "single-issue" interests.

13. (SBU) Grcar was highly critical of the current WTO leadership, remarking that it is imperative that the Secretary General act as a catalyst and earn the respect of

SIPDIS

large and small countries alike. Although not openly advocating for the current WTO Secretary's resignation, Grcar contrasted the work done by previous GATT and WTO Directors-General who "were unwilling to succumb to pressures and kept the discussions alive." Not only does Grcar see the need for a more dynamic Secretary, but also advocated strongly in favor of reforming the institution's policy-making structures. "Cancun proved that we need to reform the WTO policy making mechanism. There are countries that come to the table with serious offers and ideas, while there are others, that due to their limited capacity, cannot keep up and adjust to changing situations rapidly. Overwhelmed, these countries proceed to block any measure -- no matter what it may be -- because they cannot follow and understand the arguments and proposals." He suggested that the WTO establish working groups to facilitate discussions and negotiations. Upon reaching agreement, the working group would present the results to the entire membership for further action. In Grcar's view, the WTO would "cease to become relevant" if it could not undertake and complete "serious negotiations."

14. (SBU) COMMENT: Grcar's positive reaction to Zoellick's letter reflects the importance the GoS places on developing international trade in a multilateral framework, and Slovenia's traditional "bottom line approach." Grcar's calls for an active WTO leadership, a working group arrangement, and a concrete agenda embody the Slovenes' desire to reinvigorate international trade talks. Because of Slovenia's dependency on international trade and its commitment to multilateral fora, we can expect the GoS to be receptive and supportive of initiatives and measures fomenting trade and empowering multilateral institutions as long as it doesn't have to lock horns with the European

Commission. END COMMENT.
YOUNG

NNNN